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Dear Infrastructure Coordinator,

MTF Submission on Transport Infrastructure

The (MTF) is a local government transport advocacy and networking group, with a membership of 19 Melbourne metropolitan local governments, with associate members from across the transport sector. It should be noted that when the MTF presents a submission on behalf of its local government members, the views presented are independent of the views of associate members.

The MTF has long stood for more equitable, efficient and effective urban transport; in recent years it has sought an integrated approach to transport and greater investment in sustainable transport modes. In its publication, *Most Liveable and Best Connected? The Economic Benefits of Investing in Public Transport in Melbourne* (MTF 2005), the MTF examined the link between the sustainability of cities and transport. Investment in public transport is seen as a key ingredient of sustainable cities.

The MTF urges Infrastructure Australia to give priority to investment in high quality, world best practice public transport systems. This is directed towards achieving greater transport equity, making sustainable transport a real mode of choice for metropolitan populations, reducing urban congestion, greenhouse gas emissions and dependence on largely, sole occupant motor vehicles as the primary mode of transport.

National imperatives for investment in public transport infrastructure

Infrastructure Australia in its discussion paper, has set out key goals and strategic priorities. These are supported by the MTF. We submit that investment in sustainable transport infrastructure for cities should be accorded priority over road building for private car and road freight use given the substantial benefits to be gained:

- **Reduced greenhouse emissions** together with reduced air pollution and land degradation. The energy and transport sectors, particularly motor vehicles are major contributors to emissions. The transport sector in Australia accounts for 14% of emissions and is the fastest growing source of greenhouse gas

emissions. By contrast, public transport performs with at least 30% fewer emissions per person kilometre than cars¹. Increasing public transport mode share is thus an important source of lowering emissions. Further, powering public transport by electricity from greenpower would also help reduce greenhouse gas emissions from public transport. Regarding freight, rail uses one third of the fuel of road transport² and is around four times as energy efficient as road based freight transport.³ Finally, cycling has virtually zero greenhouse impacts.

- **Increased productivity** - Public transport, cycling and rail freight are more efficient modes of transport in terms of fuel use, land use and other costs. Expansion of motor vehicle use in cities had led to over 30% of land use being devoted to motor vehicles. The development and efficiency of cities requires public transport links based on land use planning principles, which integrate communities with access to jobs, education and services. Such integrated planning can substantially reduce the footprint, time and cost of travel.
- **Economic benefits** - Benefit-cost analysis has indicated that for every \$1 invested in passenger rail transport, returns \$1.80 to the economy.⁴ Apart from this, there are substantial economic benefits to households with easy access to public transport. The high cost of motor vehicle transport for households is revealed in comparisons of expenditure on housing and transport. In Melbourne, transport ranks with housing as a major expenditure item with over \$140 per week spent on transport (car \$133.37, public transport and taxis \$7.50) while housing expenditure averages \$144 per week.⁵ Such high expenditure on car use contributes to household stress and detracts from liveability. Where good public transport connections exist, a lower proportion of household budgets is invested in transport.
- **Social equity** - In outer suburbs poorly serviced by public transport, 95% of trips are by private car. Families often have to cover the cost of running at least 2 motor cars, and when children attend tertiary institutions or work, they also need a car. Some families run 4 or more cars depending on the number of older children in a household. Vehicle costs over 30 years, accumulate to \$350,000 plus per vehicle. Families who are unable to meet such high vehicle costs, lose out on access to jobs and services. The absence of adequate public transport services to growth areas is economically inefficient for families and the economy, adds substantially to road congestion, and has adverse consequences for pollution, greenhouse emissions and liveability. Provision of public transport services is now recognised as a fundamental means of reduced transport disadvantage, greater equity of mobility and hence access to opportunity.
- **Housing affordability** – The lack of viable public transport and other infrastructure to service fringe suburbs, coupled with road congestion and higher fuel costs, has accelerated demand for inner city and middle ring housing. The demand has escalated property prices in these areas. This

¹ Adele McCarthy, Public Transport Division, Department of Transport, Victoria; see also <http://www.climatechange.gov.au/greenpaper/factsheets/fs4>

² Australian Transport Facts 1998, Apelbaum Consulting Group, pages 55, 73

³ National Greenhouse and Energy Reporting System – Regulations Discussion Paper, Australasian Railway Association submission to the Greenhouse and Energy Reporting Taskforce, 16 November 2007, page 2

⁴ G Karpouzis et al, *The Value of City Rail to the NSW community 1997-1998 to 2006-07*, RailCorp, NSW, June 2007

⁵ 2006 ABS Household Expenditure Survey, summary in Transport Demand Information Atlas for Victoria 2008, www.transport.vic.gov.au

impacts by reducing economic and social diversity, which is vital for the economy and vibrancy of inner city areas.

Australians on median incomes can no longer afford to buy housing in inner suburbs. Those who work in inner and middle suburbs - teachers, cleaners, shop assistants and other workers in the service industries - must commute long distances to and from work, adding to travel time, travel costs, congestion and pollution. The escalation of overall housing prices and the problems of affordability in inner city areas is exacerbated by the failure to extend rail and tram services and other infrastructure to growth suburbs. This negative impact on housing affordability intensifies every year that the Government and development sectors fail to provide for effective public transport to service fringe suburbs and regional cities. Conversely, access to public transport in growth suburbs and regional cities helps reduce price pressures on land use and affordability in capital cities.

- **Health benefits** – The over-reliance on the motor vehicle has created national problems in terms of the physical and mental health of our communities. Daily walking to catch a train, tram or bus, and cycling for both transport and recreation, involve a more active way of life reducing obesity and other diseases of inactivity, plus contributing to a lower road toll. Exercise also has a positive impact on mental health. Obesity, combined with lack of physical exercise, is said to cost the economy \$58 billion per annum⁶ given causal links for many diseases including cardiovascular disease, diabetes, cancers and debility. Road trauma also costs the nation at least \$15 billion per annum in terms of accidents and demands on hospitals and other elements of the health system.

Some 50% of all car trips are under 5 kms, 30% under 2 kms and 20% under 1 km. Encouraging mode shift, particularly for these short trips, would have substantial health, economic and emission benefits.

In light of the above and Australia's recent national commitments to reduced greenhouse gas emissions, the MTF urges Infrastructure Australia to give priority to substantially expanding urban public transport, as well as cycle/walking paths, as well as rail freight infrastructure. These are each discussed below.

1. Urban Public Transport

Australia is the only developed country in the world where its national government does not fund urban public transport systems. Major expansion in the provision of mass transport infrastructure is sought to meet increased demand for public transport travel arising from rising motor fuel costs, congestion, and the desire of citizens to access jobs, education and services, more sustainably.

Infrastructure funding should also support alignment of transport and other infrastructure investment to achieve sustainable cities and federal emission targets. As highlighted by the Australian Conservation Foundation (ACF) in a recent analysis, the 2007/08 budget papers show that for every dollar committed to reducing or

⁶ Access Economics, 2008 *The Growing Cost of Obesity in 2008*, Access Economics, Canberra.
<http://www.accesseconomics.com.au/publicationsreports/showreport.php?>

mitigating climate change, Australia spends \$12 rewarding activities that cause the problem!⁷ Infrastructure Australia is asked not to compound this problem.

Strategic objectives should be recognised in Federal project funding through the following:

- rail transport infrastructure investment to reverse the history of investment biased to motor vehicle use;
- support for public transport infrastructure powered by greenpower;
- requiring all transport projects funded to document and assess externalities relating to rail and road comparisons including noise, exhaust emissions, accidents, costs to the national health system and cost shifting to local governments for damage to roads and other road infrastructure.

Examples of Melbourne public transport projects that merit Commonwealth contributions are:

- upgrading core rail spines and signaling to support new lines and capacity expansion;
- rail for the Doncaster corridor, from the Melbourne CAD, to the University of Melbourne and Hospital Research precinct, east to Doncaster's Westfield major activity centre, and linked to the Ringwood line;
- rail to Rowville and Knox to service the Monash University area, the Chadstone major activity centre and linked to the Ferntree Gully line;
- extensions of existing rail lines: from Epping to South Morang, Mernda, Whittlesea; from Epping to Aurora; to Wyndham Vale; and to Cranbourne East.

Infrastructure Australia is also asked to include in its priorities, the development of public transport in regional cities with affordable housing, education centres, employment and facilities, as a lower-emission alternative to capital city sprawl, but linked to other cities within a national rail network.

2. **Funding local governments for walking/cycling infrastructure.**

The most sustainable forms of transport are walking and cycling with infrastructure for these modes, largely the responsibility of local governments. Safe cycle and pedestrian paths involve substantial capital investment from municipal councils who are financially under-resourced. Over 80% of roads in the nation are local roads for which local governments are responsible. Many roads do not have footpaths and there are regular deaths of pedestrians killed when walking along roads. Most roads lack cycle paths. Yet more bicycles are sold in Australia each year than motor cars. The lack of proper facilities for cycling discourages their use as a form of regular transport.

The Hawker Report, *Rates and Taxes: A fair share for responsible local government*⁸, identified that local government had been increasingly burdened with responsibilities, without extra funding and that a significant infrastructure deficit existed at the local government level. Australian Local Government Association

⁷ ACF study discussed by K Davidson, *Fringe benefit that exacerbates greenhouse gas emissions is a march of folly*, *The Age*, 15 October 2007.

⁸ Report of the House of Representatives Standing Committee on Economics, Finance and Public Administration *Inquiry into Local Government and Cost Shifting - (Hawker Report)*, 24 November 2003

(ALGA) submissions to the Review estimated the level of cost shifting at between \$500 million to \$1.1 billion annually.

The Healthy and Active Transport (HEAT) Program by an alliance of the Australian cycling sector has proposed that the Federal Government establishes an infrastructure funding program for local governments to build cycling and walking infrastructure.⁹ As stated in the HEAT submission:

“Improved cycling and walking infrastructure can be a practical solution to tackle climate change, reduce activity related diseases such as obesity and diabetes; decrease traffic congestion; and provide a viable transport option for short trips ...

The program would fund significant, high quality cycling and walking infrastructure projects, providing health, transport, environment and community benefits across urban, regional and rural areas ...

Local governments have seen increased demand for cycling facilities and many are struggling financially to keep up with this and other demands on their resources. This program would enable councils to keep up with their bike plans sooner, providing practical choices for their local community and visitors.”

Given the demand for and benefits of cycling infrastructure, the MTF urges Infrastructure Australia to support direct local government funding for sustainable cycling investment. This should be for regional cycling infrastructure initiatives involving segregated on and off-road cycleways linking communities to jobs, education and other services. The key projects proposed by the Cycling Promotion Fund in its submission to Infrastructure Australia should be funded.

3. Rail Freight Infrastructure

The MTF points out that the trucking industry has received the benefit of road infrastructure funding, taxation and other advantages at the expense of rail freight. When external costs are included, road freight has expanded through hidden public subsidies which have led to a major decline in the competitiveness and use of rail freight.

The decline of rail freight transport particularly between Melbourne, Sydney and Brisbane, is in point. Rail's market share on the Melbourne-Sydney-Brisbane freight route has declined since 1971/72 from 30% to 5-7% currently. This is contrasted with the Brisbane-Cairns route where rail is 25-30% of the freight market. This is related to the far greater investment in track, bridges, locomotives and removal of level crossings on this latter route. The Melbourne-Sydney-Brisbane freight route is also contrasted with the long haul 85% rail freight mode share from Melbourne-Perth and 90% on the Adelaide-Darwin route.

The MTF recognises that Auslink Funding now seeks to promote rail freight and that Infrastructure Australia and the Building Australia Fund provide a foundation for investment in rail freight infrastructure.

⁹ Alliance of Bicycle New South Wales, Bicycle Queensland, Bicycle South Australia, Cycling Australia, Bicycle Federation of Australia, Cycling Promotion Fund, *Health and Active Transport Program* (HEAT). 23 August 2007; see www.vote4cycling.com.au; *Cycling > Moving Australia Forward*, Cycling Promotion Fund 2007, www.rideabike.com.au

Infrastructure Australia is asked in its funding priorities set, to support redressing past imbalances in federal funding for rail v. road freight leading to a decline in rail freight mode share.

Rail freight projects for which support is sought are:

- standardising rail networks, including to major ports and freight hubs;
- interstate rail freight connectivity between the states;
- inter-modal freight hubs based on regional rail links; and
- regional rail freight infrastructure to support regional development.

Proper cost benefit analyses

Public transport and especially rail options have, in the past, been downgraded on the argument that these are costly compared with road transport infrastructure solutions. This argument amounts to an orthodoxy based on a misunderstanding of transport economics. It fails to cost alternative transport systems including externalities, opportunity costs, and market distortions in favour of motor vehicles.

When properly costed, the reverse is apparent: the motor vehicle industry is heavily subsidised at the expense of public and freight transport.

The following table in the recent report of the Victorian Competition and Efficiency Commission (VCEC) Inquiry into Transport Congestion¹⁰ based on Public Transport Users Association (PTUA) submissions, sets out the annual public subsidy for vehicle use.

Annual costs of car use in Australia and revenue collected from motorists

Costs of car use	Annual cost \$m	Sources of revenue collected from motorists	Annual revenue \$m
Road construction maintenance	8,500	Petrol and diesel excise	9,800
Land use costs	6,000	GST on fuel	1,700
Road trauma	15,000	Vehicle registration fees	3,300
Noise	700	Insurance premiums	9,000
Urban air pollution	4,300	Tolls	1,000
Climate change	2,200	Other revenue	2,150
Tax concessions	4,800		
State fuel subsidies	600		
Total Costs	42,100	Total revenue	26,950
		Road deficit	15,250*

* Note: the road deficit figure should read \$15,150m, ie a \$15.15 billion annual shortfall

There are other costs not included in the above table; eg the cost of vehicle congestion, at \$9.3 billion in 2005, estimated to rise to over \$20 billion nationally by 2020.¹¹ Further, as discussed earlier, the lack of investment in public transport infrastructure to growth suburbs, has accelerated demand for inner city and middle ring housing escalating problems of housing affordability. The lack of investment has also contributed to social inequity as also discussed earlier.

¹⁰ VCEC Congestion Inquiry, op cit, page 90; source PTUA Submission No 132, www.vcec.vic.gov.au

¹¹ Department of Transport and Regional Services (DOTARS) 2006

Taking into account the above, it is estimated that the additional cost to the community of funding road transport over public transport, is at least \$30 billion nationally per annum.

Conclusion

There is a huge catch-up required in public transport and rail freight infrastructure across Australia, both in capital cities and regions. This is because the taxation treatment of transport form and transport investment have for many decades, been heavily biased to favour motor vehicles at the expense of more sustainable forms. Infrastructure to support walking and cycling has also been neglected at the federal investment level. Australian cities and the nation as a whole have been disadvantaged because of this thrust of federal policy.

Reshaping national infrastructure investment policy to fund urban public transport infrastructure, walking and cycle paths, and rail freight would best meet the strategic priorities set out in the Infrastructure Australia discussion paper.

Infrastructure Australia is urged to apply the above considerations in determining priorities for the allocation of the Federal Government's Building Australia Fund.

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